

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
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Scheduled date of ordinary general meeting of shareholders:	June 26, 2019
Scheduled date for commencement of dividend payment:	June 27, 2019
Scheduled date for filing of securities report:	June 26, 2019
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**(1) Consolidated operating results**

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	63,600	5.1	2,801	(6.0)	2,698	(4.0)	2,267	6.1
Fiscal year ended March 31, 2018	60,536	9.4	2,980	(10.7)	2,810	(2.8)	2,136	(10.0)

Note: Comprehensive income

Fiscal year ended March 31, 2019:	964 million yen [yoy (56.3)%]
Fiscal year ended March 31, 2018:	2,209 million yen [yoy 8.6%]

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2019	69.18	—	9.4	4.9	4.4
Fiscal year ended March 31, 2018	65.19	—	9.7	5.1	4.9

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2019:	(54) million yen
Fiscal year ended March 31, 2018:	(38) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	54,266	25,758	45.7	756.91
As of March 31, 2018	54,994	25,156	42.4	710.71

Reference: Equity

As of March 31, 2019:	24,809 million yen
As of March 31, 2018:	23,295 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2019	4,936	(1,936)	(2,197)	4,968
Fiscal year ended March 31, 2018	2,375	(2,440)	(1,530)	4,194

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (Consolidated)	Dividends/to net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2018	—	—	—	10.00	10.00	327	15.3	1.5
Fiscal year ended March 31, 2019	—	—	—	11.00	11.00	360	15.9	1.5
Fiscal year ending March 31, 2020 (forecast)	—	—	—	13.00	13.00		17.8	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2020	66,500	4.6	3,300	17.8	3,100	14.9	2,400	5.8	73.22

Note: The Group finds it appropriate to publish forecasts of financial results for full fiscal years. Therefore, we have decided not to publish forecasts of consolidated financial results for the first six months beyond the fiscal year ending March 31, 2020.

Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2019 (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Newly included: None Excluded: None
- (2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements:
 - (a) Changes in accounting policies accompanying revisions in accounting standards: None
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (3) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury shares)
As of March 31, 2019: 32,800,000 shares As of March 31, 2018: 32,800,000 shares
 - (b) Treasury shares
As of March 31, 2019: 22,059 shares As of March 31, 2018: 22,055 shares
 - (c) Average number of shares outstanding during the period
Fiscal year ended March 31, 2019: 32,777,942 shares
Fiscal year ended March 31, 2018: 32,778,197 shares

(For reference) Non-consolidated financial results

1. Financial results for the fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Non-consolidated operating results

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	42,642	4.5	2,241	17.2	4,745	91.7	1,484	(19.1)
Fiscal year ended March 31, 2018	40,814	7.5	1,912	(9.6)	2,474	0.2	1,834	7.4

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen		Yen	
Fiscal year ended March 31, 2019	45.29		—	
Fiscal year ended March 31, 2018	55.98		—	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	36,348	16,004	44.0	488.27
As of March 31, 2018	37,144	15,118	40.7	461.25

Reference: Equity

As of March 31, 2019: 16,004 million yen

As of March 31, 2018: 15,118 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Appropriate use of performance forecasts and other special items:

(Disclaimer on forward-looking statements, etc.)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared, and on assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. Please refer to “Overview of Operating Results and Others (4) Future Outlook” on page 5 of Attachment for details on the assumptions used and other related items concerning the forecast of consolidated financial results.

(Method of obtaining the supplementary documents for financial results)

The Company plans to hold a briefing for institutional investors and analysts on Wednesday, May 29, 2019. The documents to be distributed at this briefing to explain the financial results are scheduled to be posted on the Furukawa Battery website immediately after the briefing is held (Japanese only).

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1. Overview of Operating Results and Others

(1) Overview of Operating Results

(Business Environment)

During the fiscal year ended March 31, 2019, the global economy recovered moderately despite concerns about such issues as the economic outlook in China and other emerging countries in Asia, and situations over trade issues.

Although there is concern about the future outlook of the Japanese economy due to the global economic situation, the Japanese economy also recovered moderately, supported by the effects of various policies, while corporate profits and the employment and income situation continued to improve.

In the storage batteries industry, the automotive and industrial fields have both remained robust. Regarding the outlook in the automotive field, the transition to electric vehicles will accelerate due to environmental regulations, which are expected to spur demand for lithium-ion batteries. Demand for lead-acid storage batteries is also expected to remain robust, particularly in emerging countries. It is expected that the industrial field will also move away from lead-acid storage batteries in favor of lithium-ion batteries, but in view of safety and cost issues, demand for lead-acid storage batteries is expected to remain robust.

To achieve the Mid-term Management Plan 2018, Furukawa Battery Co., Ltd. (the “Company”) and its group companies (the “Group”) continued to invest in improving the quality and reduce the cost of lead-acid storage batteries, which is an existing business, while at the same time promoting development of technologies for next-generation lithium-ion batteries. Going forward, we will pursue stable growth of overseas units, creation of new businesses by developing new products including next-generation batteries, an increase in the profitability of our core business, lead-acid storage batteries, and accumulation of innovative capabilities through development of human resources, aiming to fulfill the goals of our new medium-term management plan, “Mid-term Management Plan 2021.”

(Operating Results)

The Group recorded 63,600 million yen of consolidated sales for the fiscal year ended March 31, 2019, an increase of 3,064 million yen (5.1%), year on year. This was due to steady sales of automobile batteries in Japan and other countries. Overseas sales were 22,566 million yen and accounted for 35.5% of total sales.

Operating profit decreased by 178 million yen year on year to 2,801 million yen (compared with operating profit of 2,980 million yen in the fiscal year ended March 31, 2018). This is mainly due to automotive business in Japan and the Company’s subsidiary in Thailand did well, but the Indonesia subsidiary fared poorly. Ordinary profit decreased by 112 million yen year on year to 2,698 million yen (compared with ordinary profit of 2,810 million yen in the fiscal year ended March 31, 2018).

Profit attributable to owners of parent came to 2,267 million yen, increasing 130 million yen year on year (compared with profit attributable to owners of parent of 2,136 million yen in the fiscal year ended March 31, 2018).

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 2,256 million yen and the figures for segment profit are given on an operating profit (pre-goodwill amortization) basis.

In the automotive segment, sales were 46,858 million yen, an increase of 2,459 million yen (5.5%) year on year, and segment profit was 1,721 million yen, a decrease of 78 million yen (4.3%). This is mainly due to sales in Japan and Thailand remained steady, but the Indonesia subsidiary fared poorly.

In the industrial segment, sales were 17,898 million yen, an increase of 615 million yen (3.6%) year on year. Segment profit was 902 million yen, a decrease of 79 million yen (8.1%). This was mainly due to a rise in the cost-of-sales ratio, stemming from higher distribution costs, and changes to the product mix in the first half of the fiscal year under review.

In the real estate segment, sales were 352 million yen, a decrease of 32 million yen (8.4%) year on year and segment profit was 158 million yen, a decrease of 29 million yen (15.6%).

In the others segment, sales were 747 million yen, an increase of 21 million yen (2.9%) year on year, while segment profit was 16 million yen, a decrease of 14 million yen (46.9%).

(2) Overview of Financial Position

Total assets were 54,266 million yen as of March 31, 2019, which is 727 million yen less than at the end of the previous fiscal year. Current assets increased by 466 million yen from the end of the previous fiscal year to 24,959 million yen, while non-current assets decreased by 1,193 million yen to 29,307 million yen.

The main factor leading to the increase in current assets was an increase in securities.

There was a 999 million yen decrease in property, plant and equipment to 23,855 million yen. The main factor leading to the decrease was that the amount of depreciation was greater than the purchase of non-current assets.

Investments and other assets decreased by 157 million yen to 5,302 million yen.

Total liabilities as of March 31, 2019 decreased by 1,329 million yen to 28,508 million yen.

Current liabilities increased by 1,647 million yen to 15,845 million yen, and non-current liabilities decreased by 2,976 million yen to 12,663 million yen.

Interest-bearing debt, which is the sum of short-term loans payable and long-term loans payable, decreased by 1,995 million yen to 8,541 million yen.

Equity increased by 1,514 million yen to 24,809 million yen, resulting in an increase in the equity ratio from 42.4% at the end of the previous fiscal year to 45.7% at the end of the fiscal year under review.

(3) Overview of Cash Flows

a) Cash flows

Net cash provided by operating activities during the fiscal year under review was 4,936 million yen as a whole. Major sources of cash were profit before income taxes of 2,697 million yen, depreciation of 2,587 million yen, and there was a 1,551 million yen payment of interest and income taxes.

Net cash used in investing activities was 1,936 million yen due to purchase of property, plant and equipment amounting to 1,788 million yen.

Net cash used in financial activities was 2,197 million yen due to repayments of long-term loans payable of 1,685 million yen.

As a result, cash and cash equivalents at end of period increased 773 million yen from the previous year to 4,968 million yen.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Equity ratio (%)	33.6	36.5	37.5	42.4	45.7
Market value basis equity ratio (%)	58.8	41.5	45.4	58.9	42.2
Cash flow/interest-bearing debt ratio (years)	3.2	4.2	3.6	4.4	1.7
Interest coverage ratio (x)	41.1	10.2	5.1	4.6	11.7

*Equity ratio: equity/total assets

Market value basis equity ratio: market capitalization/total assets

Cash flow/interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flow/paid interest

Notes: 1. All figures are calculated based on consolidated financial data.

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued shares as of the end of the period.

3. Cash flows are as shown in the consolidated statements of cash flows.

4. Interest-bearing liabilities are the sum of loans shown on the consolidated balance sheets. Interest expenses are interest expenses as shown in the consolidated statements of cash flows.

(4) Future Outlook

The Group will continue to concentrate on achieving more growth in business operations and higher profit.

In the fiscal year ending March 31, 2020, we forecast net sales of 66.5 billion yen, operating profit of 3.3 billion yen, ordinary profit of 3.1 billion yen and profit attributable to owners of parent of 2.4 billion yen.

(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years

Our basic policies as to profit distributions are to pay stable and ongoing return to shareholders and to invest in enhancing our facilities in Japan and overseas and in strengthening research and development, etc. that lead to improved corporate value, and are designed to achieve sustainable growth and improved profitability in the future. For the dividend, the policy is to determine these payments based on the operating results and the strengthening of our financial soundness and we believe we must consider the per-share dividend and payout ratio in a balanced way to express our appreciation to shareholders for their support.

In accordance with the above policy, we plan to increase the year-end dividend by 1 yen per share from the previous year to 11 yen per share for the fiscal year ended March 31, 2019 to express our appreciation to the shareholders for their support. For the fiscal year ending in March 31, 2020, although the operating environment is expected to remain challenging, we plan to pay a dividend of 13 yen per share, an increase of 2 yen.

2. Corporate Group

The corporate group consists of the Company, its parent company, nine consolidated subsidiaries, five non-consolidated subsidiaries and one affiliated company accounted for by the equity method, and two affiliated companies not accounted for by the equity method. The primary business activities are the manufacture and sale of storage batteries and associated activities. The roles of the group companies concerning these activities are as follows.

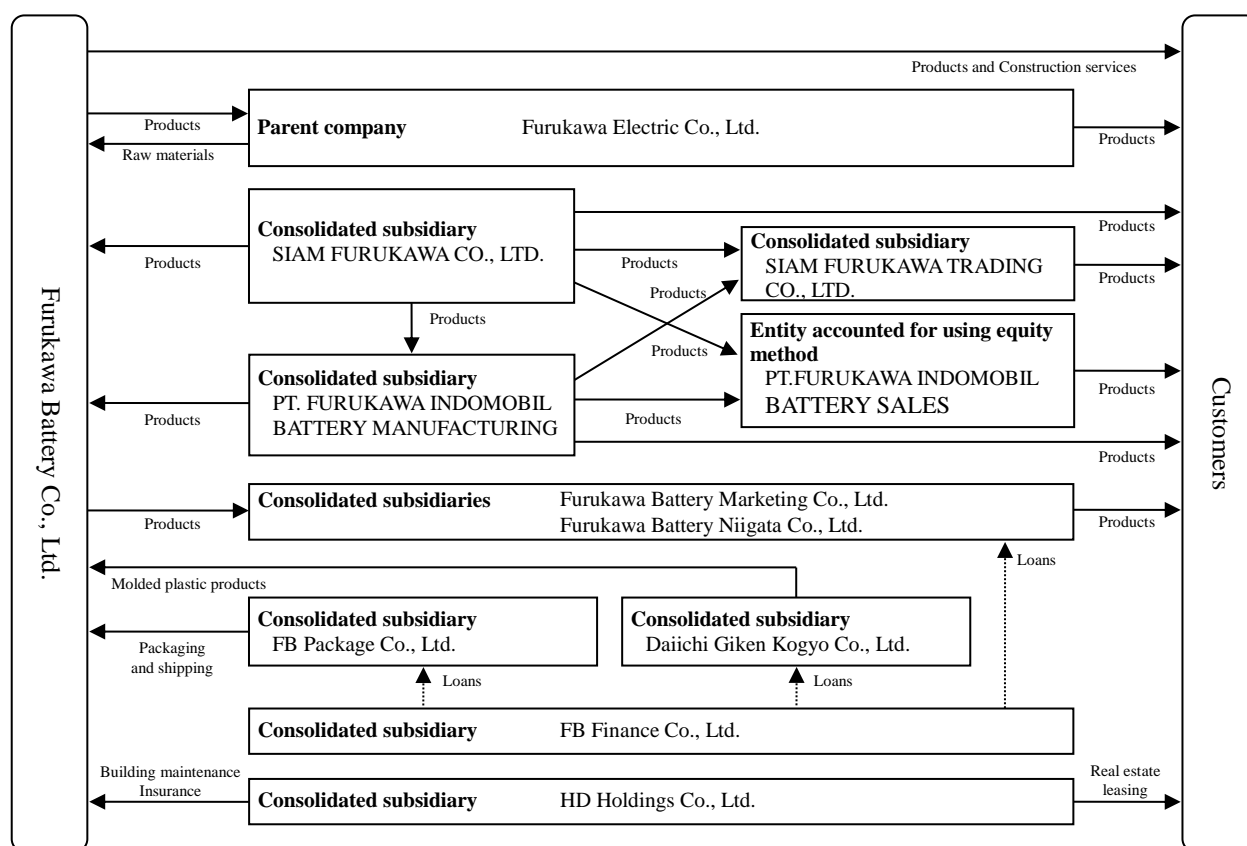
The Company manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiaries Siam Furukawa Co., Ltd., and PT. Furukawa Indomobil Battery Manufacturing, with the technical support of the Company, manufacture lead-acid storage batteries.

Consolidated subsidiary Furukawa Battery Marketing Co., Ltd. sells some of the lead-acid storage batteries and alkaline storage batteries manufactured by the Company.

Consolidated subsidiary FB Package Co., Ltd. performs packaging and shipping operations as well as on-site transport services for the Company. Consolidated subsidiary FB Finance Co., Ltd. extends loans to consolidated subsidiaries and affiliated companies.

Some products are sold to parent company Furukawa Electric Co., Ltd. In addition, the Company purchases some raw materials and other items from Furukawa Electric.

A flowchart of these business activities is shown below.



3. Management Policy

(1) Basic Management Policy

Drawing on many years of expertise in battery technology, the Group will contribute to the realization of a genuinely rich and sustainable society through continuous technological innovation based on the following basic policies:

- a) Live up to the expectations and trust invested in us by society, with fairness and integrity.
- b) Apply the sum total of our expertise to satisfy our customers and grow with them.
- c) Continuously strive to achieve world-class technology innovation, and transform ourselves in every area of endeavor.
- d) Nurture human resources at every level so that we can become a more diverse and creative organization.

In addition, we adhere to the following Credo of conduct for our business activities.

- a) Maintain high ethical standards, and value honesty and integrity above all.
- b) Continually improve, innovate, and lead, in every area of endeavor.
- c) Take a hands-on approach that addresses the reality of every situation - in the office, at the factory, and on site.
- d) Be proactive - take the initiative and work with others, persevering until a solution is found.
- e) Maintain open channels of communication between departments and divisions so that we can share ideas and help each other.

(2) Targeted Performance Indicators

We have formulated a new medium-term management plan, covering the three-year period from FY2019 through FY2021, with the following performance indicators as targets.

Indicator		FY2018 consolidated results	Projected FY2019 consolidated results	Target FY2021 consolidated results
Net sales	(Million yen)	63,600	66,500	70,800
Operating profit	(Million yen)	2,801	3,300	4,600
Operating profit ratio	(%)	4.4	5.0	6.5
Ratio of overseas sales	(%)	35.5	—	41.0
Capital investment	(Million yen)	2,054	—	*10,000
Equity ratio	(%)	45.7	—	58.0
ROA	(%)	5.2	—	8.0
Interest-bearing liabilities	(Million yen)	8,541	—	5,000

* Cumulative, for the three-year period from April 2019 to March 2021

(3) Medium to Long-term Strategies and Pending Issues

1. Medium-term management plan

Through our new medium-term management plan, “Mid-term Management Plan 2021,” the Group aims to increase the value of our enterprise based on stable growth of overseas units, creation of new businesses by developing new products including next-generation batteries, an increase in the profitability of our core business, lead-acid storage batteries, and accumulation of innovative capabilities through development of human resources. In our capital policies, our fundamental tenet is to secure a solid financial foundation that will enable us to invest in growth, respond flexibly to changes in the business environment, and have reliable access to funds. Regarding the return of cash to shareholders, our aim is to achieve the optimum balance of growth and financial soundness, and stability in dividend payments. Under our current medium-term plan, our priority is to increase the amount of dividends we pay per share.

2. Long-term management vision

We have begun considering the formulation of a long-term vision that will set goals for 2030. This new long-term vision will articulate what we want Furukawa Battery to be in 2030, based on the current state of the company and recent changes in society. It will be firmly rooted in our core guidelines of overseas growth and creation and nurturing of new businesses set forth in the “Dynamic Innovation 2020,” which has been the expression of our long-term management vision since FY2011.

3. Pending issues

In the Japanese economy, employment and income conditions is improving. It is expected this will result in economic stability, particularly for domestic demand. At the same time, in the global economy, people are concerned about the risk that economic growth will fall short of expectations due to trade frictions growing more severe and uncertainties about the economy in China and elsewhere. Stagnation of international trade and deceleration of the global economy arising from these risks could also have a negative impact on the Group’s business and on the industry.

As society continues to change at a bewildering pace, in order for the Group to remain relevant, we must make a positive contribution to the solutions for social issues such as climate change, depletion of natural resources, shrinkage of the working-age population, rapid economic growth in emerging countries, and the rapid increase in communications traffic. At the same time, we must enhance the value of our enterprise in a manner that is sustainable for the long term. To achieve these things, the Group must act as a “challenger,” offering our outstanding technology throughout the world. We must strive to provide products and services of outstanding quality and cost-competitiveness, to meet our customers’ true needs, at the times when society and our customers require them. We will pursue innovation in new products, businesses, and processes by strengthening our own technology, and also by working with universities and other industries in research and development. In hopes of maximizing the value we provide, we will strive to develop new applications, not limited by today’s ideas.

In order to continue to be a company that can earn the trust from all stakeholders, we will take responsibility for the impact that our operations have on society, implement a more rigorous compliance to ensure the soundness and fairness of corporate management, and take measures to strengthen risk management, including crisis management measures for natural disasters.

4. Basic Views on the Selection of Accounting Standards

The policy of the Group for the time being is to prepare its consolidated financial statements using Japan GAAP, taking into consideration the fact that this allows the consolidated financial statements to be compared between periods and compared between companies.

Note that the Group will closely monitor the trend related to the introduction of the International Financial Reporting Standards (IFRS) going forward and endeavor to develop systems to appropriately respond.

5. Consolidated Financial Statements and Related Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2018	As of March 31, 2019
ASSETS		
Current assets		
Cash and deposits	2,590	2,617
Securities	1,604	2,351
Notes and accounts receivable - trade	11,658	11,317
Electronically recorded monetary claims - operating	711	800
Merchandise and finished goods	2,113	2,612
Work in process	3,634	3,314
Raw materials and supplies	1,424	1,263
Other	757	684
Allowance for doubtful accounts	(1)	(2)
Total current assets	24,493	24,959
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,312	16,693
Accumulated depreciation	(9,759)	(10,175)
Buildings and structures, net	6,553	6,517
Machinery, equipment and vehicles	33,958	34,191
Accumulated depreciation	(25,356)	(26,533)
Machinery, equipment and vehicles, net	8,601	7,657
Tools, furniture and fixtures	7,434	7,629
Accumulated depreciation	(6,698)	(6,967)
Tools, furniture and fixtures, net	735	661
Land	7,546	7,442
Leased assets	1,013	981
Accumulated depreciation	(310)	(337)
Leased assets, net	702	643
Construction in progress	714	932
Total property, plant and equipment	24,854	23,855
Intangible assets		
Leased assets	8	11
Other	178	138
Total intangible assets	186	149
Investments and other assets		
Investment securities	3,907	3,515
Deferred tax assets	1,418	1,642
Other	155	166
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	5,460	5,302
Total non-current assets	30,501	29,307
Total assets	54,994	54,266

(Million yen)

	As of March 31, 2018	As of March 31, 2019
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	4,396	4,488
Electronically recorded obligations - operating	1,831	2,240
Short-term loans payable	4,077	4,753
Lease obligations	136	129
Income taxes payable	507	540
Accrued consumption taxes	304	344
Provision for bonuses	633	649
Provision for environmental measures	14	4
Notes payable - facilities	17	27
Electronically recorded obligations - facilities	103	208
Other	2,175	2,459
Total current liabilities	14,198	15,845
Non-current liabilities		
Long-term loans payable	6,459	3,788
Lease obligations	649	598
Deferred tax liabilities	771	756
Provision for environmental measures	14	9
Retirement benefit liability	7,049	6,888
Asset retirement obligations	9	9
Other	684	612
Total non-current liabilities	15,639	12,663
Total liabilities	29,837	28,508
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	630	653
Retained earnings	19,029	20,969
Treasury shares	(11)	(11)
Total shareholders' equity	21,288	23,251
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,396	1,112
Deferred gains or losses on hedges	(42)	(9)
Foreign currency translation adjustment	663	418
Remeasurements of defined benefit plans	(10)	36
Total accumulated other comprehensive income	2,007	1,558
Non-controlling interests	1,861	948
Total net assets	25,156	25,758
Total liabilities and net assets	54,994	54,266

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	60,536	63,600
Cost of sales	46,856	49,423
Gross profit	13,680	14,177
Selling, general and administrative expenses		
Selling expenses	2,642	2,700
General and administrative expenses	8,057	8,675
Total selling, general and administrative expenses	10,699	11,375
Operating profit	2,980	2,801
Non-operating income		
Interest income	23	27
Dividend income	150	184
Company house rent employee load money income	55	60
Foreign exchange gains	10	49
Subsidy income	65	52
Other	241	90
Total non-operating income	547	465
Non-operating expenses		
Interest expenses	514	420
Share of loss of entities accounted for using equity method	38	54
Foreign value-added tax, etc.	120	-
Other	44	93
Total non-operating expenses	717	568
Ordinary profit	2,810	2,698
Extraordinary income		
Gain on sales of non-current assets	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on disposal of non-current assets	5	1
Total extraordinary losses	5	1
Profit before income taxes	2,804	2,697
Income taxes - current	995	1,288
Income taxes - deferred	199	(153)
Total income taxes	1,194	1,134
Profit	1,610	1,562
Loss attributable to non-controlling interests	(526)	(704)
Profit attributable to owners of parent	2,136	2,267

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Profit	1,610	1,562
Other comprehensive income		
Valuation difference on available-for-sale securities	316	(287)
Deferred gains or losses on hedges	(83)	33
Foreign currency translation adjustment	345	(398)
Remeasurements of defined benefit plans, net of tax	21	48
Share of other comprehensive income of entities accounted for using equity method	0	5
Total other comprehensive income	599	(597)
Comprehensive income	2,209	964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,775	1,818
Comprehensive income attributable to non- controlling interests	(565)	(853)

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (From April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,640	422	17,187	(11)	19,238
Changes of items during period					
Dividends of surplus			(295)		(295)
Profit attributable to owners of parent			2,136		2,136
Purchase of treasury shares				(0)	(0)
Acquisition of additional shares of subsidiaries		207			207
Net changes of items other than shareholders' equity					
Total changes of items during period	—	207	1,841	(0)	2,049
Balance at end of current period	1,640	630	19,029	(11)	21,288

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,083	40	277	(33)	1,369	1,283	21,891
Changes of items during period							
Dividends of surplus							(295)
Profit attributable to owners of parent							2,136
Purchase of treasury shares							(0)
Acquisition of additional shares of subsidiaries							207
Net changes of items other than shareholders' equity	313	(83)	385	23	638	577	1,215
Total changes of items during period	313	(83)	385	23	638	577	3,265
Balance at end of current period	1,396	(42)	663	(10)	2,007	1,861	25,156

Current fiscal year (From April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,640	630	19,029	(11)	21,288
Changes of items during period					
Dividends of surplus			(327)		(327)
Profit attributable to owners of parent			2,267		2,267
Purchase of treasury shares				(0)	(0)
Acquisition of additional shares of subsidiaries		23			23
Net changes of items other than shareholders' equity					
Total changes of items during period	—	23	1,939	(0)	1,963
Balance at end of current period	1,640	653	20,969	(11)	23,251

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,396	(42)	663	(10)	2,007	1,861	25,156
Changes of items during period							
Dividends of surplus							(327)
Profit attributable to owners of parent							2,267
Purchase of treasury shares							(0)
Acquisition of additional shares of subsidiaries							23
Net changes of items other than shareholders' equity	(284)	33	(244)	46	(449)	(912)	(1,362)
Total changes of items during period	(284)	33	(244)	46	(449)	(912)	601
Balance at end of current period	1,112	(9)	418	36	1,558	948	25,758

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,804	2,697
Depreciation	2,543	2,587
Amortization of goodwill	15	-
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(174)	(211)
Interest expenses	514	420
Share of loss (profit) of entities accounted for using equity method	38	54
Subsidy income	(65)	(52)
Loss on retirement of property, plant and equipment	5	1
Loss (gain) on sales of property, plant and equipment	-	(0)
Decrease (increase) in notes and accounts receivable - trade	(801)	203
Decrease (increase) in inventories	(774)	(147)
Increase (decrease) in notes and accounts payable - trade	(44)	525
Increase (decrease) in provision for bonuses	31	16
Increase (decrease) in provision for environmental measures	(60)	(15)
Increase (decrease) in retirement benefit liability	(198)	(156)
Increase (decrease) in accrued consumption taxes	(14)	45
Other, net	162	307
Subtotal	3,983	6,276
Interest and dividend income received	174	211
Interest expenses paid	(516)	(420)
Income taxes paid	(1,266)	(1,131)
Net cash provided by (used in) operating activities	2,375	4,936
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,511)	(1,788)
Purchase of intangible assets	(1)	(11)
Purchase of investment securities	(55)	(29)
Purchase of shares of subsidiaries and associates	-	(179)
Proceeds from subsidy income	65	52
Other, net	62	19
Net cash provided by (used in) investing activities	(2,440)	(1,936)

(Million yen)

	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,799)	(100)
Proceeds from long-term loans payable	1,400	100
Repayments of long-term loans payable	(2,092)	(1,685)
Repayments of lease obligations	(94)	(148)
Cash dividends paid	(295)	(327)
Proceeds from share issuance to non-controlling shareholders	1,644	–
Dividends paid to non-controlling interests	(6)	(2)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(285)	(32)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,530)	(2,197)
Effect of exchange rate change on cash and cash equivalents	55	(28)
Net increase (decrease) in cash and cash equivalents	(1,540)	773
Cash and cash equivalents at beginning of period	5,735	4,194
Cash and cash equivalents at end of period	4,194	4,968

(5) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Changes in Presentation Method)

We have applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ended March 31, 2019. Accordingly, we have changed the presentation to the method where deferred tax assets were presented under investments and other assets and deferred tax liabilities were presented under non-current liabilities.

As a result, on our consolidated balance sheet for the previous fiscal year, the deferred tax assets item under “Current assets” was reduced by 294 million yen, and the deferred tax assets item under “Investments and other assets” was increased by 290 million yen. The deferred tax liabilities item under “Non-current liabilities” was reduced by 3 million yen.

The deferred tax assets and deferred tax liabilities items offset one another for the same taxable entity, so the result was a net 3 million yen reduction in total assets from before the changes were made.

(Segment Information)

[Segment information]

1. Description of reporting segments

Reporting segments of the Furukawa Battery Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The headquarters of business operations are at the Furukawa Battery head office and there are separate organizational units to oversee operations for specific products and services. Each unit establishes comprehensive strategies for Japan and other countries for its products and services and performs operations based on these strategies.

Consequently, business segments are based on products and services in accordance with these administrative units. Operations are divided into three reportable segments: automobile, industrial and real estate.

The automobile segment manufactures storage batteries and other products for automobiles and motorcycles. The industrial segment manufactures storage batteries for the operation of equipment, uninterruptible power systems and other products. The real estate segment leases space in buildings to tenants.

2. Method of calculating sales, income (loss), assets, liabilities and other items for each reportable business segment

Accounting methods for reportable segments are largely identical to the descriptions in “Material Matters That Serve as the Basis for the Preparation of Consolidated Financial Statements.”

Reportable segment income represents operating profit before adjustment for amortization of goodwill.

Intersegment internal sales or transfers of funds are based upon actual market prices.

3. Sales, income (loss), assets, liabilities and other items for each reportable business segment

Previous fiscal year (From April 1, 2017 to March 31, 2018)

(Million yen)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	43,191	16,968	364	60,524	12	60,536
Intersegment internal sales and transfers	1,208	313	20	1,542	714	2,256
Total	44,399	17,282	384	62,066	726	62,793
Segment income	1,800	982	188	2,970	30	3,001
Other items						
Depreciation and amortization	2,027	484	21	2,533	10	2,543

Notes: 1. The “Others” category is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

Current fiscal year (From April 1, 2018 to March 31, 2019)

(Million yen)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	45,656	17,598	331	63,587	13	63,600
Intersegment internal sales and transfers	1,202	299	20	1,522	734	2,256
Total	46,858	17,898	352	65,109	747	65,857
Segment income	1,721	902	158	2,783	16	2,799
Other items						
Depreciation and amortization	2,046	509	23	2,579	8	2,587

Notes: 1. The “Others” category is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

4. Differences between reportable segment totals and amounts in consolidated financial statements and major components of these differences (adjustments for differences)

(Million yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	62,066	65,109
Sales of “Others” category	726	747
Elimination of intersegment transactions	(2,256)	(2,256)
Net sales in consolidated financial statements	60,536	63,600

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	2,970	2,783
Income of “Others” category	30	16
Goodwill amortization	(15)	—
Elimination of intersegment transactions	(4)	2
Operating profit in consolidated financial statements	2,980	2,801

Note: Operating expenses are all allocated to each segment.

[Associated information]

Previous fiscal year (From April 1, 2017 to March 31, 2018)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Sales, income (loss), assets, liabilities and other items for each reportable business segment] in [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia		Other	Total
	Thailand	Other Asian regions		
39,421	14,351	4,986	1,777	60,536

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia		Total
	Thailand	Indonesia	
14,644	4,866	5,344	24,854

3. Information on major customers

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

Current fiscal year (From April 1, 2018 to March 31, 2019)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Sales, income (loss), assets, liabilities and other items for each reportable business segment] in [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia		Other	Total
	Thailand	Other Asian regions		
41,034	15,568	5,991	1,005	63,600

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia		Total
	Thailand	Indonesia	
14,410	4,887	4,557	23,855

3. Information on major customers

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

[Segment information for impairment of non-current assets]

Previous fiscal year (From April 1, 2017 to March 31, 2018)

Not applicable.

Current fiscal year (From April 1, 2018 to March 31, 2019)

Not applicable.

[Segment information for goodwill amortization and remaining goodwill]

Previous fiscal year (From April 1, 2017 to March 31, 2018)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 15 million yen in the fiscal year that ended in March 31, 2019, and there was no remaining goodwill.

Current fiscal year (From April 1, 2018 to March 31, 2019)

Not applicable.

[Segment information for gains from negative goodwill]

Previous fiscal year (From April 1, 2017 to March 31, 2018)

Not applicable.

Current fiscal year (From April 1, 2018 to March 31, 2019)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net assets per share	710.71 yen	756.91 yen
Earnings per share	65.19 yen	69.18 yen

Notes: 1. Diluted earnings per share are not shown because there were no common stock equivalents.

2. The basis for calculating earnings per share is as follows.

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Amount of profit attributable to owners of parent (million yen)	2,136	2,267
Amount not attributed to common stockholders	—	—
Amount of profit attributable to owners of parent attributable to common stock (million yen)	2,136	2,267
Average number of outstanding shares of common stock during the fiscal year (hundred shares)	327,781	327,779

(Important Subsequent Events)

Not applicable.

6. Other

(1) Changes in Officers (scheduled to become effective on June 26, 2019)

1. Candidate for election as new director

Keizo Okamoto

(Currently, Director at UMC Electronics Co., Ltd.)

* To be appointed Managing Director, Member of the Board, Executive Corporate Officer by the Board of Directors after the General Meeting of Shareholders planned to be held on June 26, 2019

[Reason for nomination]

Keizo Okamoto has vast experience in finance gained through and handling the credit business at banks and stints overseas. Based on his management experience in manufacturing, he is also thoroughly familiar with broad aspects, including management of finance, accounting, human resources and overseas operations.

His experience will help further strengthen our company's administrative headquarter functions. In our judgment, he is a suitable candidate for the post of director, and that is why he has been nominated for this position.

2. Candidates for new corporate officers

Fumihito Niitsuma

(Currently General Manager of Iwaki plant, Corporate Management Division)

[Reason for nomination]

Fumihito Niitsuma has experience in our manufacturing division and plant division, and he is thoroughly familiar with issues regarding safety, health and environmental improvement.

Based on this experience, we judge that he is a suitable candidate for the role of corporate officer, and accordingly he has been nominated for this position.

Susumu Meida

(Currently General Manager Finance & Accounting Department, Corporate Management Division)

[Reason for nomination]

Susumu Meida has long experience in the accounting operations of both Furukawa Electric Co., Ltd. and the Company, and he has a broad range of expertise.

Based on this experience, we judge that he is a suitable candidate for the role of corporate officer, and accordingly he has been nominated for this position.

(2) Trend in Quarterly Consolidated Results

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	13,320	14,862	17,881	17,536	28,182	46,064	63,600
Operating profit	52	261	1,464	1,022	314	1,779	2,801
Ordinary profit	78	233	1,455	931	312	1,767	2,698
Profit attributable to owners of parent	84	251	1,139	792	335	1,474	2,267

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,712	13,534	16,680	17,609	26,247	42,927	60,536
Operating profit	192	226	1,204	1,357	419	1,623	2,980
Ordinary profit	179	37	1,259	1,335	216	1,475	2,810
Profit attributable to owners of parent	155	93	967	920	249	1,216	2,136

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	11,505	12,250	14,104	17,459	23,756	37,861	55,320
Operating profit	226	572	1,009	1,528	798	1,808	3,336
Ordinary profit	102	521	938	1,330	623	1,561	2,892
Profit attributable to owners of parent	113	402	754	1,103	515	1,269	2,373

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,103	12,778	13,352	15,873	24,881	38,233	54,106
Operating profit	341	167	1,035	1,383	509	1,545	2,928
Ordinary profit	436	166	1,024	1,271	602	1,626	2,898
Profit attributable to owners of parent	408	107	793	1,057	516	1,310	2,367